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DeNUCCI CITES IMPROPER EXPENSES
BY SOUTH SHORE PROVIDER

State Auditor Joe DeNucci reported today that a for-profit Weymouth-based health care provider charged the state for non-reimbursable expenses, took in excess profits, engaged in double-billing, and failed to properly document over \$388,000 in payroll expenses.

DeNucci's audit reviewed the operations of Human Service Options, Inc. (HSO), which provides residential services to approximately 95 developmentally disabled and emotionally disturbed persons in the metropolitan Boston area through three programs funded by the Department of Mental Retardation (DMR).

Among the audit findings:

- Excessive profits totaling \$13,786 were charged to one of HSO's state contracts. As a result of the audit, HSO agreed to return this amount to the state.
- HSO doubled-billed the state \$11,342 for staff training.
- The provider inappropriately charged the state \$18,153 for expenses incurred by HSO's parent company and a related party.
- HSO charged the state \$388,365 in administrative payroll expenses that had inadequate documentation of the hours worked or the function that was being paid for.
- Unallowable administrative expenses totaling \$9,890 were charged to state contracts.
- HSO retained \$11,070 in salary reserve funds that should have been distributed to eligible staff members earning less than \$20,000 a year.

As a result of a prior DeNucci audit, HSO agreed to repay DMR more than \$57,000 for non-program-related expenses.

"In the future, Human Services Options should take steps to ensure that it does not retain any excess profits or expend any state funds on purposes not related to serving its clients," said DeNucci.